

Rough Transcript

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2 BANKRUPTCY COURT  
3 SOUTHERN DISTRICT OF NEW YORK  
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In Re:

6 Chapter 11  
7 LEHMAN BROTHERS Case No. 08-13555 (JMP)  
8 HOLDINGS, INC., et al., (Jointly Administered)  
9

10 Debtors.  
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12  
13 RULE 30(b)(6)  
14 VIDEOTAPED DEPOSITION  
15 OF  
16 BARRY W. RIDINGS  
17 New York, New York  
18 Friday, January 15, 2010  
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Reported by:

24 ANNETTE ARLEQUIN, CCR, RPR  
25 JOB NO. 27090

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January 15, 2010

9:12 a.m.

RULE 30(b)(6) videotaped deposition  
of BARRY W. RIDINGS, held at the law  
offices of Boies, Schiller & Flexner, LLP,  
575 Lexington Avenue, 7th Floor, New York,  
New York, before Annette Arlequin, a  
Certified Court Reporter, a Registered  
Professional Reporter and Notary Public of  
the State of New York.

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by any chance?

A. Yes.

Q. Who did?

A. I did.

Q. All right. Does this reflect that you received this schedule on 9/18?

A. Yes.

Q. If you look at the assets listed there on the left side of the schedule, it provides for none of the intangible assets associated with the business sold to Barclays, does it?

A. No.

Q. If you compare the totals for those assets on page 4543 to the next page, 4544, which is dated 9/16/08 at the top on the right side.

Do you see that?

A. Yes.

Q. You see there is a change in the estimate of the assets from \$62.7 billion on the 9/18 balance sheet to \$57.9 billion on the September 18th draft balance sheet, correct?

MR. CARDEN: Objection to form.

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MR. DAKIS: Same objection.

A. Yes.

Q. Does this change reflect the downward values that you were referring to earlier in your testimony?

MR. CARDEN: Objection to form.

MR. DAKIS: Join in the objection.

A. Just to be clear, the second page, 544, again, there's a date on the upper right corner, but it appears to be set up roughly similar to the first page that had my notes on it.

There's one or two very slight variations and obviously there are no headers and it has a different date on it, and I believe that SB is Steve Berkenfield's initials.

Q. Right.

A. But again, you can get the same point that you're making on the first page, that in those couple of days there was dramatic decreases in the price of securities.

Q. Turning again to what is not on page 4543 under "Assets," I asked you whether there were intangible assets associated with the

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business that was being sold to Barclays that are not reflected there and I believe you said that is correct.

A. Yes.

Q. And to explore that briefly, there's no reflection of purchased fixtures, fittings or software listed among the assets there, correct?

A. That's correct.

Q. There are no transferred properties leases listed there; isn't that right?

A. Correct. There are no fixed assets either.

Q. There are no fixed assets either.

A bit later on I'm going to take you to a larger balance sheet and return to this subject.

On the question of a wash, which I mentioned a few minutes ago, did Lazard proffer to the court at any time that this transaction was to be a wash?

A. No.

Q. Did you in fact believe on September 19th that this transaction was going to be a wash?

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2 A. Again, just to be clear what you mean  
3 by wash, because that's not a term I've been  
4 using, but that everything sold equals  
5 everything purchased.

6 Q. That's right.

7 A. No.

8 Q. Let me ask you to turn to the next  
9 exhibit, I'm going to hold this one off because  
10 we're going to return to this, which is 562A, a  
11 six-page set of news articles distributed in  
12 Lazard on September 18, 2008.

13 Do you see that?

14 A. Yes.

15 Q. And I'm just going to ask you about  
16 the last page.

17 A. The very last page?

18 Q. The very last page of that exhibit,  
19 which is part of a Reuters report.

20 You will see that by turning the page  
21 before just to understand the context of what  
22 I'm going to ask you to look at.

23 And this is a report on the impending  
24 sale. The second full paragraph on the last  
25 page of 5628 says, "The deal would also lift

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Barclays' capital ratio even before the bank completes a planned capital injection alongside the deal because of a negative goodwill adjustment from the deal amounting to about \$2 billion after tax."

Do you see that?

A. Yes.

Q. Does Barclays' statement on September 17th as reported here by Reuters that it expected to record a multibillion dollar acquisition gain on the transaction, is that statement inconsistent in any way with your proffer in testimony to the court on September 19th?

MR. CARDEN: Objection to form.

MR. DAKIS: Same objection.

MR. ROTHMAN: Join in the objection.

A. Again, my proffer didn't speak to how Barclays is going to account for a transaction and I don't know how Barclays accounted for the transaction.

But my proffer was that this was the highest and best alternative that we had. In fact the only alternative that we had.

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Q. As the Reuters article reports, Barclays made an announcement of this gain, anticipated gain, two days before the hearing.

Is that a surprise to you that Barclays anticipated a gain on this acquisition?

MR. DAKIS: Objection to the form.

BY MR. SCHILLER:

Q. As of September 19th.

MR. CARDEN: Objection to form.

MR. DAKIS: Objection.

MR. ROTHMAN: Objection.

A. It's not a surprise to me, but it's Barclays' accounting, so again, I'm not going to put a lot of relevance on the U.K. accounting for this.

Q. To your knowledge, there was no limitation on whether Barclays could profit from this trade, correct?

MR. CARDEN: Objection to form.

MR. DAKIS: Same objection.

MR. ROTHMAN: Join in the objection.

A. That's correct.

Just to be clear, if Barclays lost money on this transaction, it would have been



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the end of the U.S. capital markets.

Q. Let me ask you to turn to the next exhibit, 377A, which is Barclays' disclosed acquisition gain on this transaction. The document was generated in February of 2009.

If you look at page 5844, you see the valuation by Barclays of the financial assets that it had purchased on September 22nd amounting to \$50 billion?

A. Yes.

Q. .160?

And it goes on below that to list some of the other assets, some of which we discussed earlier; intangibles, real estate, fixtures, fittings and software.

Do you see that?

A. Yes.

Q. And that leaves a total of \$53,540,000,000 of assets acquired in the transaction, correct?

A. Yes.

Q. And then if you return to the first page of Exhibit 377A and you address line 39, the gain on acquisition, you see that Barclays

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recognized a gain of approximately \$4.2 billion  
on the acquisition, correct?

A. Yes.

Q. And is the gain that was recognized  
as reported here inconsistent in any way with  
your understanding of the sale on which you  
proffered testimony on September 19, 2008?

MR. CARDEN: Objection.

MR. DAKIS: Objection.

MR. ROTHMAN: Objection to the form.

A. I don't think it's inconsistent.  
It's just something different, the way Barclays  
accounts for this.

Q. Are you generally familiar with the  
Rule 60 motion that was filed by Lehman in this  
proceeding?

A. In a very high-level fashion, yes.

Q. And in terms of your high-level  
review of the motion, you understand that it was  
not filed by Weil, Gotshal, correct?

A. That's right.

Q. Based on everything that you know as  
of today, do you believe your proffer in  
testimony to the court on September 19th was